BUILDING ON OUR REPUTATION

2003 ANNUAL REPORT

BRAMPTON BRICK Limited

Corporate Profile

Brampton Brick is Canada's second largest manufacturer of clay brick and holds a 38.2% interest in the largest producer of concrete block in Ontario. The Company's products are used for residential construction and institutional, commercial and industrial building projects.

Oaks Concrete Products is a manufacturer of quality concrete interlocking paving stone, retaining wall and enviro products serving markets in Ontario, Quebec, Michigan, New York, Pennsylvania, Ohio, Kentucky, Illinois, and Indiana. The Company's products, although used primarily for residential applications, are also used for commercial, municipal, and industrial projects.

Medical Waste Management operates a facility for the destruction of biomedical and pharmaceutical waste in Ontario, including the only commercial medical waste incinerator in the province. **Sharpsmart Canada**, operated exclusively by Medical Waste Management, recently introduced a proprietary and revolutionary reusable sharps containment system for Ontario hospitals.

Roxy Construction provides trucking services to third parties in addition to transporting raw materials and finished products for the Company.

Contents

Financial Overview (in thousands of dollars, except per share amounts)

	2003	2002
Operations		
Net sales	**$102,679**	$ 93,518
Operating income	**28,037**	30,501
Net income for the year	**18,004**	20,799
Cash provided by operations	**21,654**	35,453
Purchase of property, plant and equipment	**9,766**	10,203
Return on average shareholders' equity (%)	**17.3**	24.3
Share Data		
Net income per share	**$ 1.66**	$ 1.93
Book value per share	**10.28**	8.90
Weighted average number of shares outstanding (thousands)	**10,833**	10,761
Financial Position		
Working capital	**$ 9,521**	$ 7,588
Total assets	**175,095**	179,956
Total liabilities (excluding non-controlling interests)	**45,394**	64,136
Shareholders' equity	**111,544**	96,283
Total liabilities (excluding non-controlling interests) to shareholders' equity	**0.41:1**	0.67:1

Shares Outstanding

The Company has 10,847,054 common shares outstanding as at December 31, 2003 comprised of 8,298,054 Class A Subordinate Voting Shares and 2,549,000 Class B Multiple Voting Shares. The Class A shares trade on the Toronto Stock Exchange under the ticker symbol "BBL.A".

Annual Meeting

The Annual Meeting of the Shareholders of the Company will be held on May 12, 2004, at 9:30 a.m. in the Caledon Ballroom of the Holiday Inn, 30 Peel Centre Drive, Brampton, Ontario.

Annual Report

Additional copies of the 2003 Annual Report in English or French, may be obtained from the Vice-President, Finance, Brampton Brick Limited, 225 Wanless Drive, Brampton, Ontario L7A 1E9.

President's Message

I am pleased to report that Brampton Brick generated another year of strong financial performance in 2003.

On the clay brick side of the business, low interest rates continued to fuel new housing starts. As a result, all brick production was sold this year. Our medical waste business generated improved results due to successful new business initiatives and an increase in incineration volumes. A long winter and late spring combined with the increase in the Canadian dollar affected the sales volumes and earnings of Oaks, the concrete paving stone and retaining wall business acquired by the Company in 2002.

Net sales exceeded $100 million for the first time in the Company's history in 2003, reaching $102,679,000, an increase of $9,161,000, or 9.8%, over 2002. All three operating business segments contributed to the increase. However, due to the financial impact of three non-recurring events, net income decreased from $20,799,000, or $1.93 per share, to $18,004,000, or $1.66 per share.

An increase in future income tax rates announced by the Ontario provincial government in the fourth quarter of 2003 resulted in a $1,196,000 increase in the provision for future income taxes. Secondly, the amount of the land sale gain, net of estimated income taxes, recorded in 2003 was $1,015,000 lower than in 2002. Lastly, due to the date of acquisition of the concrete products business on May 13, 2002, the Company did not have to absorb losses from this highly seasonal business prior to that date in 2002. The loss included in the results of operations for the comparable period in 2003 is estimated at $860,000. More detailed information with respect to each of these items may be found in Management's Discussion and Analysis of Financial Condition and Results of Operations.

While the Company continues to seek new business opportunities, we strive never to forget the attributes that have helped build our reputation – service, quality, experience and customer satisfaction. In competitive, commodity-based industries, a complete dedication to customer service is what sets us apart. Whether it is ISO 9001:2000 certification, employee training, streamlining procedures or working closely with builders and contractors to ensure delivery deadlines are met, we do everything possible to ensure that we provide quality products and to exceed our customers' service expectations.

During 2003, Brampton Brick received several awards recognizing its contributions to the community, including a Brampton Board of Trade award for "Manufacturer Of The Year" and an Outstanding Business Achievement Award from the Ontario Chamber of Commerce. These awards are a testament to the skills, dedication and pride in a job well done that is demonstrated by all our employees.

Productivity enhancements are also crucial to the success of the Company. By continually improving our production capabilities, we are able to increase output, thus mitigating the impact of rising costs of labour, raw materials and other major costs such as natural gas and electricity. During the first quarter of 2003, the two older clay brick

kilns were retrofitted, which increased product throughput by approximately 10%.

In 2004, major emphasis will be focused on the concrete products operations. We believe that with a renewed commitment to expanding its customer base, improving productivity and achieving greater operational efficiencies, this business can improve its performance going forward. Our objective is to continue to improve the effectiveness of all our operations, thereby enabling the Company to remain highly competitive in both Canada and the United States.

While 2003 proved to be another very good year, we remain dedicated to responsible growth. Economic fundamentals remain solid and we look forward to another profitable year in 2004.

Jeffrey G. Kerbel
President and Chief Executive Officer

Management's Discussion and Analysis of Financial Condition and Results of Operations

Operations

Net income for the year ended December 31, 2003 amounted to $18,004,000, or $1.66 per Class A and Class B share outstanding, compared to $20,799,000, or $1.93 per Class A and Class B share outstanding in 2002. The decrease of $2,795,000, or $0.27 per share, from last year can be attributed to the following three major factors:

	($000)	$ PER SHARE
Increase in future income tax rates	$1,196	$0.11
Difference in land sale gain	1,015	0.09
Seasonal loss of concrete products business	860	0.08
	$3,071	$0.28

In November, 2003, the Ontario provincial government tabled legislation which will not only roll back the reductions in income tax rates that were scheduled to come into effect over the next three years, but will also increase the income tax rate above the 2003 rate. Under the Canadian Institute of Chartered Accountants guidelines, the new, higher rates are deemed to be "substantially enacted" and the Company must adjust its future income tax liability accordingly. This has resulted in an increase in the provision for future income taxes of approximately $1,196,000.

In the fourth quarter of 2002, the Company sold approximately 11.4 acres of surplus property from its industrial site in Brampton which produced a pre-tax gain of $2,669,000. Of this amount, $1,950,000 was reflected in the 2002 Consolidated Statement of Income which, net of estimated income taxes, produced an after tax gain of $1,573,000. The balance of the gain was deferred as at December 31, 2002 – to be taken into income in 2003 upon completion of the installation of storm sewers and other site work, as required under the terms of the sale agreement. The $719,000 gain recorded in 2003 resulted in an after tax gain of $558,000.

The concrete products business segment, which was acquired on May 13, 2002, is highly seasonal and normally incurs losses until the warmer weather permits installation of product. Consequently, there was no equivalent loss in 2002 that would correspond to the loss, after non-controlling interests, of approximately $860,000 incurred in the first four and a half months in 2003.

Net sales increased by 9.8% from $93,518,000 to $102,679,000 on the strength of higher brick shipments, inclusion of the concrete products business for the entire period in 2003 (see Note 2 to the Consolidated Financial Statements) and growth in the medical waste business.

Cost of sales, selling, general and administrative expenses increased by $9,630,000 over last year and amortization expense increased by $1,995,000 primarily due to the inclusion of the concrete products business segment for the entire year in 2003. In addition, non-recurring repair expenses were incurred by the clay brick business segment as a result of an important kiln improvement project undertaken in the first quarter of the year. As well, some inflationary increases in plant overhead and other operating expenses were experienced in all business segments.

As a result of the items noted above, operating income before interest and other items decreased by $2,464,000 from $30,501,000 in 2002 to $28,037,000 in 2003.

Interest on long-term debt decreased slightly from last year. A significant portion of the long-term debt outstanding at December 31, 2002 related to the acquisition of the concrete products business. This debt was outstanding for the entire year in 2003 whereas it was outstanding only from May 13, the date of acquisition, in 2002. However, the impact of the longer period has been offset by a reduction of $16,119,000 in total long-term debt outstanding.

Other interest expense was higher due to higher borrowings in the concrete products business and the longer period over which these borrowings were outstanding in 2003.

Equity income from the Company's 38.2% interest in Richvale York Block Inc. declined due to lower earnings which, in turn, were caused by higher operating costs incurred by this company following the acquisition of two small block plants in July, 2003 and an increase in the provision for income taxes due to higher future income tax rates.

Other expense in the net amount of $247,000 for 2003 is comprised of a number of items. These include the write-off of the remaining net book value of production assets, in the approximate amount of $494,000, which were replaced or retired plus a mark-to-market adjustment on an unmatched interest rate swap contract in the amount of $206,000. Partially offsetting these costs were a refund of property taxes estimated at $350,000 which the Company expects to receive as a result of an agreement reached with municipal authorities on assessed property values of the Brampton clay brick operations for the years 1996 to 2000, inclusive, and other non-recurring income of approximately $105,000. The 2002 other income amount of $228,000 was comprised substantially of gains recorded on the disposal of sundry surplus assets.

More detailed discussion with respect to each operating business segment follows:

Clay Brick

Housing starts in the Company's major markets of Ontario and Quebec totalled over 135,000 units, representing an approximate 7.5% increase over 2002. Net sales increased by $3,912,000, or 5.8% on the strength of slightly higher average selling prices and a 3.3% increase in brick shipments.

Major scheduled repair work completed in the first quarter of 2003 on the two older clay brick kilns improved efficiencies through greater heat retention and allowed the Company to increase product throughput. As a result, brick production for the year was approximately 3.2% greater than in 2002 in spite of the production lost during the temporary shutdown. The Company also sourced approximately 5 million brick from an American supplier to help meet customer demand during the peak selling season.

The repair work referred to above resulted in non-recurring costs in the amount of $708,000 being charged against operations. Major non-recurring repairs to other equipment carried out during the shutdown totalled an additional $838,000. These non-recurring charges, plus increases in selling, general and administrative expenses, were partially offset by lower interest costs and a $933,000 foreign currency exchange gain realized upon repayment of a U.S. $3,900,000 term bank loan in 2003.

Interest costs were lower in 2003 than 2002 due to significant repayments of long-term debt, most of which occurred in the latter half of the year.

The increase in future income tax rates noted earlier resulted in an increase of $1,057,000 in the provision for future income taxes applicable to clay brick operations.

As a result, net income of $16,975,000 from clay brick operations in 2003 was $323,000 lower than 2002 net income of $17,298,000.

Concrete Products

This business segment was acquired on May 13, 2002. The acquisition has been accounted for by the purchase method and, accordingly, the financial statements for 2002 include the results of operations and cash flows of the acquired business only from the date of acquisition. The 2003 financial statements include the results of operations and cash flows for the entire year.

Sales volumes increased approximately 22% over 2002 with the increase split almost evenly between Canadian and U.S. operations. Average selling prices declined marginally as a result of the impact of the

weakened U.S. dollar on the translation of U.S. financial results into Canadian dollars. Net sales increased by $4,256,000, or 20.6%, from $20,702,000 in 2002 to $24,958,000 this year.

The concrete products business is highly seasonal. Consequently, the Company incurs substantial operating costs, including plant overhead, selling, general and administrative expenses in the early part of the year when sales volumes are extremely low. The increase in operating costs and depreciation charges in 2003 reduced operating income before interest and other items.

Operating results were also affected by unfavourable weather conditions. A cool, wet spring and an early onset of colder weather in the fall reduced shipments below expected levels.

Interest on long-term debt and interest on bank operating advances were higher due to the longer period of time over which these borrowings were outstanding in 2003.

The weakening of the U.S. dollar against the Canadian dollar produced a foreign exchange loss of approximately $920,000 in 2003 compared to a foreign exchange loss of $26,000 incurred in 2002. The loss occurred as a result of cash advances to finance U.S. operating activities, as well as the foreign exchange impact on accounts receivable for product sold from Canada into the U.S.

The increase in future income tax rates increased the provision for income taxes in 2003 by approximately $139,000.

In aggregate, net income from this business segment, after non-controlling interests, decreased by $1,668,000. Of this amount, $860,000 represents the estimated loss for the first four and a half months of 2003 for which there was no corresponding loss in 2002. Other significant items were the foreign exchange loss and income tax adjustment, both as noted above.

Medical Waste

In 2003, medical waste operations generated net income of $204,000, after non-controlling interests, compared to a loss of $306,000 in 2002. An 18.9% increase in waste volumes processed and growth in the Sharpsmart™ reusable sharps container system produced a $993,000, or 20.4%, increase in net sales which, in turn, resulted in improved margins and higher gross profits.

A reduction in selling, general and administrative expenses also contributed to the turnaround in operating results. Due to the availability of tax losses carried forward, no provision for income taxes has been recorded against pre-tax income in 2003.

Growth of this business segment was hindered by the SARS (Sudden Acute Respiratory Syndrome) outbreak which affected hospitals in the Greater Toronto Area throughout much of the year, but most significantly in the second and third quarters. Many health-care services were cancelled during this period and new Sharpsmart™ installations were delayed due to the stringent restrictions on non-essential personnel entering hospitals.

Quarterly Information

Selected financial information for each of the eight most recently completed quarters is as follows:

2003 (in thousands, except per share amounts)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
Net sales	$16,128	$31,484	$31,833	$23,234	$102,679
Net income	$ 839	$ 6,629	$ 7,004	$ 3,532	$ 18,004
Net income per share					
– basic	$ 0.08	$ 0.61	$ 0.65	$ 0.33	$ 1.66
– diluted	$ 0.08	$ 0.61	$ 0.64	$ 0.32	$ 1.65

2002 (in thousands, except per share amounts)

	FIRST QUARTER	SECOND QUARTER	THIRD QUARTER	FOURTH QUARTER	TOTAL
Net sales	$13,185	$27,027	$30,885	$22,421	$93,518
Net income	$ 3,324	$ 6,261	$ 6,043	$ 5,171	$20,799
Net income per share					
– basic	$ 0.31	$ 0.58	$ 0.56	$ 0.48	$ 1.93
– diluted	$ 0.31	$ 0.57	$ 0.55	$ 0.47	$ 1.91

Net income per share by quarter may not add to the total for the year due to changes in the weighted average number of shares outstanding during the year.

Major factors affecting the comparability of the quarterly results are as follows:

First Quarter

Net income and net income per share for the first quarter of 2003 reflect (i) the loss from the concrete products business segment in the amount of $1,147,000, or $0.11 per share, for which there was no corresponding loss in the first quarter of 2002; (ii) kiln repair costs, other major non-recurring repair expenditures and unabsorbed manufacturing overhead costs, in an aggregate amount of approximately $1,612,000, or $0.15 per share, net of the reduction in estimated income taxes resulting therefrom; and (iii) a land sale gain, net of estimated income taxes, of $420,000, or $0.04 per share.

Net income and net income per share for the first quarter of 2002 included a refund of prior years' income taxes in the amount of $729,000, or $0.07 per share.

Second Quarter

Inclusion of the concrete products business segment for the entire second quarter in 2003 compared to only the period from acquisition on May 13 in 2002, increased net sales by $3,097,000.

Third Quarter

There were no major factors or events which materially affected the comparability of the quarterly results in the third quarter of 2003 compared to 2002.

Fourth Quarter

Net income and net income per share for the fourth quarter of 2003 reflect an increase in the provision for future income taxes in the amount of $1,196,000, or $0.11 per share, as a result of the announced rollback in previously scheduled reductions in Ontario provincial income tax rates for future years.

Net income and net income per share for the fourth quarter of 2002 included a land sale gain, net of estimated income taxes, in the amount of $1,573,000, or $0.15 per share.

Cash Flow, Liquidity and Capital Resources

Cash flow from operations totalled $21,654,000 in 2003 compared to $35,453,000 in 2002. Of the $13,799,000 decrease, a total of $10,319,000 is represented by higher income tax payments.

Significant income tax installments were paid in February, 2003 as a result of the increase in taxable income from clay brick operations in 2002 over 2001. Similarly, large income tax installments were paid by the concrete products business in February, 2003 pertaining to the 2002 taxable income generated by these newly incorporated subsidiaries. The timing of these payments, which is provided for under applicable income tax legislation, had the effect of increasing cash flow from operations in 2002 and, conversely, reducing cash flow from operations in 2003.

In addition, the acquisition of the concrete products business in 2002 did not include the assumption of trade payables or related accrued liabilities. Consequently, the balance of trade accounts payable and accrued liabilities applicable to these operations at December 31, 2002 produced a non-recurring increase of $2,583,000 in cash flow from operations in 2002.

Other sources of cash in 2003 were $1,211,000 from the land sale proceeds held in trust at December 31, 2002, $668,000 proceeds from disposals of property, plant and equipment and $140,000 received upon the exercise of stock options. The final $87,000 outstanding from the land sale proceeds held in trust was received in January, 2004.

The kiln improvement project, which was completed in the first quarter of 2003 at a total cost of approximately $4,008,000, included significant new components which extended the estimated useful lives of the kilns by 10 years. Accordingly, $3,300,000 of the total project costs were capitalized and will be amortized over future periods. The balance of $708,000 was expensed as discussed earlier.

Other cash flow requirements for major capital expenditures included development costs for the second phase of the shale quarry, new shale crushing and grinding equipment and additional dust collection equipment in the clay brick business segment plus production boards, moulds and other production equipment in the concrete products business.

Excess cash flow from operations plus cash on hand at the beginning of the year was utilized to fund long-term debt repayments of $16,514,000 and capital lease obligations of $2,408,000. Most mobile equipment, including trucks, trailers and off-road vehicles, such as loaders and forklifts, are acquired and financed under capitalized lease obligations.

Working capital at December 31, 2003 is $9,521,000, representing a working capital ratio of 1.58:1 compared to $7,588,000 and 1.35:1, respectively, at December 31, 2002. The ratio of net funded debt to shareholders' equity is 0.19:1 at December 31, 2003 compared to 0.33:1 last year. Net funded debt includes both the current and long-term portion of term bank loans, capitalized lease obligations and bank operating advances minus cash and cash equivalents.

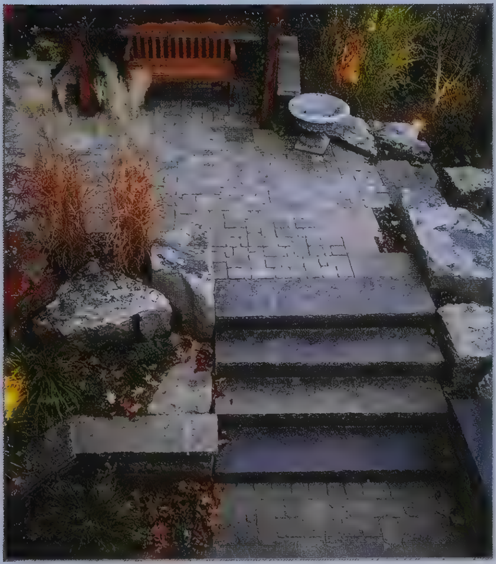
The Company's credit agreements include term loan facilities totaling $54,600,000 and operating loan facilities totaling $17,700,000. At December 31, 2003 the amounts drawn against these facilities were $14,600,000 and $1,810,000, respectively. Consequently, the Company has adequate capital resources to fund its operations and anticipated capital requirements for the coming year.

Risks and Uncertainties

The nature of the Company's products and primary markets dictates that its clay brick and concrete products business segments are seasonal. The concrete products operations are affected to a greater degree than the clay brick operations. As a result of this seasonality, operating bank advances are expected to increase through the first half of 2004.

The credit agreements contain various financial covenants. The Company and each of its subsidiaries are in compliance with all financial covenants at December 31, 2003. There are no additional restrictions within the credit agreements which would restrict each company's ability to access the unutilized balance of its credit facilities.

The Company accounts for its investment in Richvale York Block Inc. by the equity method. This means that the carrying value of the investment is increased by the Company's share of net income as it is earned and reduced by the amount of dividends received. In the years since this investment arose in 1993, Richvale York Block Inc.'s operations have generated cash flow in excess of its earnings and ongoing cash requirements. The excess has been distributed to its shareholders by way of dividends. Consequently, while the book value of this investment, accounted for in accordance with Canadian generally accepted accounting principles, has declined from its original carrying value of $10,190,000 and may continue to do so in the future, this decline may not be reflective of the true economic value of the Company's interest in Richvale York Block Inc.



The clay brick business is cyclical in that it fluctuates in accordance with the level of new home construction within the Company's primary market areas. Sales of new homes are influenced by many factors with the level of interest rates generally considered to be one of the most significant. This business segment is also seasonal. Sales are greatest in the second and third quarters of each year and less in the first and fourth quarters.

The principal raw material in the manufacture of clay bricks is clay. The Company owns its own quarry which it believes contains sufficient reserves to supply its requirements for in excess of 25 years. Other major production costs include natural gas, electricity, labour and depreciation of plant and equipment. Natural gas requirements for 2004 are contracted under a fixed price supply agreement; the price of electricity is fixed under a swap contract to September, 2004 covering approximately 90% of the Company's requirements; and, the collective bargaining agreement with the unionized plant employees runs to February, 2005.

The clay brick business requires significant capital investment in property, plant and equipment. In addition, due to the nature of the operation of its kilns, the clay brick business can be characterized as a relatively high fixed cost business. Consequently, large fluctuations in production levels may have a material impact on per unit manufacturing costs and gross margins.

The concrete products business is cyclical in that it fluctuates in accordance with the level of industrial, commercial and institutional construction and consumer spending. This business segment is highly seasonal.

The principal raw materials utilized in the manufacture of concrete paving stone and retaining wall products are cement, aggregates (including sand and stone of various sizes) and pigments. All cement requirements and the majority of the aggregate requirements are purchased under long-term supply contracts. Prices are negotiated annually and the Company retains the right to solicit tenders from alternative suppliers. Prices for 2004 are expected to be substantially the same as 2003. Pigments are usually purchased under blanket purchase orders covering estimated annual usage.

The concrete products business also requires significant capital investment in property, plant and equipment. Consequently, large fluctuations in production levels may impact per unit manufacturing costs and gross margins.

Approximately 90% of clay brick shipments are delivered via the Company's fleet of trucks and trailers and

approximately 35% of concrete products shipments are delivered via third party trucking services contracted by the Company. The remaining 10% of clay brick shipments and 65% of concrete products shipments are either picked up or transported by other carriers arranged for by the customer. In recent years fuel prices have trended upward and, from time to time, have displayed significant volatility over short periods of time. The Company attempts to recover higher fuel costs through higher delivery charges. However, there is no assurance that future increases may be sufficient to offset the full impact of higher fuel prices.

Due to the nature of the Company's clay brick and concrete products manufacturing operations, environmental laws and regulations have not had, and are not expected to have, a significant impact on its operations.

The Company has exposure to exchange rate changes as a result of its net investment in the U.S. concrete products business. The U.S. operations are considered self-sustaining foreign operations; consequently, gains or losses on translation of the Company's net investment therein are recorded as a separate item to shareholders' equity. A weakening in the value of the U.S. dollar against the Canadian dollar would result in lower net sales and earnings when translated into Canadian dollars.

The medical waste business is subject to various risks associated with provision of services to the healthcare industry, primarily with respect to environmental matters. Virtually all aspects of the operation of this business segment are subject to environmental protection regulations. The Company is subject to ongoing monitoring and testing and must remain in compliance as a condition of retaining its Certificates of Approval to operate. In an effort to ensure environmental compliance, the Company conducts ongoing reviews of its operations, including testing and measurement, by its own staff and on a selective basis by external environmental consultants. The Company does not anticipate any material costs, or any significant impact on its operations, to remain in compliance with environmental regulations.

Outlook for 2004

Operating results, cash flows and overall financial performance are expected to remain favourable in 2004.

There remains a substantial carry-over of new homes which were sold in 2003 that are expected to be built in 2004. Most economic publications forecast a small decline in housing starts in the Company's major markets to approximately the same level as 2002. Brick manufacturing operations are anticipated to operate at capacity throughout 2004.

The current collective bargaining agreements governing residential construction trade unions in the greater Toronto area, the company's largest brick market, expire on April 30, 2004. Ontario provincial labour legislation stipulates that a strike or lockout cannot be called or continue beyond June 15. In addition, it is our understanding that labour relations have generally been positive over the term of the existing contracts. Consequently, at this time, no labour disruptions are anticipated that would materially impact the level of residential construction activity.

In the event a strike or lockout affecting one or more of these trade unions does occur, the level of residential construction activity would likely decline which, in turn, would likely result in a reduction in brick shipments during this period. However, as demand is expected to remain strong in 2004, the potential impact is anticipated to be primarily a timing variance. Product not shipped during the period of a strike or lockout would, most probably, be requested by our customers to be shipped at a later date.

Sales volumes of the concrete products business segment are expected to increase as a result of the recent expansion into Chicago, a major paving stone market, a return to more normal weather conditions and increased penetration in the Ontario and Michigan markets.

Growth in the medical waste operations is expected from new installations of the Sharpsmart™ reusable sharps containment system and additional volumes. New Sharpsmart™ installations are currently booked well into the second half of 2004. Significant new waste destruction contracts secured in the latter part of 2003 are expected to increase volumes and improve margins in 2004.

Operating results for 2003 benefited from the non-recurring land sale gain. However, results were negatively affected by the kiln retrofit project completed in the first quarter and the additional provision for future income taxes in the fourth quarter stemming from the increase in future income tax rates. At this time there are no known or anticipated non-recurring items that are expected to impact operating results in 2004.

Certain statements contained herein constitute "forward-looking statements". Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements.

Consolidated Balance Sheets

As at December 31, 2003 and 2002 (in thousands of dollars)	2003	2002
Assets		
Current assets		
Cash and cash equivalents	$ 356	$ 5,073
Accounts receivable	10,036	10,638
Inventories	12,987	11,066
Income taxes recoverable	1,229	–
Other current assets (note 14)	1,447	2,202
Future tax asset (note 10)	–	145
	26,055	29,124
Property, plant and equipment, at cost (note 3)	160,862	154,007
Less: Accumulated amortization	(51,513)	(45,181)
	109,349	108,826
Other assets		
Goodwill	27,663	30,229
Investment in Richvale York Block Inc. (note 4)	8,278	8,027
Investment in Futureway Communications Inc. (note 5)	2,000	2,000
Property held for sale	1,600	1,600
Other	150	150
	39,691	42,006
	$ 175,095	$ 179,956
Liabilities		
Current liabilities		
Bank operating advances (note 6)	$ 1,810	$ 1,280
Accounts payable and accrued liabilities	12,234	12,370
Income taxes payable	327	5,241
Long-term debt, current portion (notes 6 and 7)	2,163	1,975
Deferred gain on sale of land (note 14)	–	670
	16,534	21,536
Long-term debt, less current portion (notes 6 and 7)	17,646	33,953
Non-controlling interests	18,157	19,537
Future income taxes (note 10)	11,214	8,647
	63,551	83,673
Shareholders' Equity		
Capital stock (note 8)	33,113	32,973
Contributed surplus (note 8)	77	45
Retained earnings	80,938	62,934
Cumulative translation adjustment	(2,584)	331
	111,544	96,283
	$ 175,095	$ 179,956

The accompanying notes are an integral part of these consolidated financial statements.

Approved by the Board of Directors

Jeffrey G. Kerbel, Director

Lloyd S.D. Fogler, Director

Consolidated Statements of Income and Retained Earnings

For the years ended December 31, 2003 and 2002 (in thousands of dollars, except per share amounts)	2003	2002
Net sales	$ 102,679	$ 93,518
Cost of sales, selling, general and administrative expenses	64,576	54,946
Amortization	10,066	8,071
	74,642	63,017
Operating income before the undernoted items	28,037	30,501
Other income (expense)		
Interest on long-term debt	(1,585)	(1,699)
Other interest expense	(191)	(80)
Equity income from Richvale York Block Inc.	251	550
Foreign exchange gain	47	53
Other income (expense)	(247)	228
	(1,725)	(948)
Income before gain on sale of land	26,312	29,553
Gain on sale of land (note 14)	719	1,950
Income before income taxes and non-controlling interests	27,031	31,503
Provision for income taxes (note 10)		
Current	6,155	7,998
Future	2,735	1,818
	8,890	9,816
Income before non-controlling interests	18,141	21,687
Non-controlling interests	137	888
Net income for the year	18,004	20,799
Retained earnings – Beginning of year	62,934	42,214
Premiums paid on repurchase of capital stock	–	(79)
Retained earnings – End of year	$ 80,938	$ 62,934
Net income per Class A and B share (note 9)		
Basic	$ 1.66	$ 1.93
Diluted	$ 1.65	$ 1.91

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

For the years ended December 31, 2003 and 2002 (in thousands of dollars)	2003	2002
Cash provided by (used in)		
Operating activities		
Net income for the year	$ 18,004	$ 20,799
Items not affecting cash		
Amortization	10,066	8,071
Future income taxes	2,735	1,818
Non-controlling interests	137	888
Equity income from Richvale York Block Inc.	(251)	(550)
Unrealized foreign exchange gain	–	(53)
Gain on sale of land	(719)	(1,950)
Loss (gain) on sale of property, plant and equipment	494	(134)
	30,466	28,889
Changes in non-cash operating items		
Accounts receivable	(345)	(1,937)
Inventories	(2,543)	(226)
Accounts payable and accrued liabilities	578	4,814
Income taxes – net	(6,038)	4,281
Other	(464)	(368)
	(8,812)	6,564
	21,654	35,453
Investing activities		
Purchase of property, plant and equipment	(9,766)	(10,203)
Business acquisition	(325)	(68,489)
Proceeds from disposal of property, plant and equipment	668	754
Net proceeds from sale of land	1,211	3,634
Other	–	(150)
	(8,212)	(74,454)
Financing activities		
Increase in bank operating advances	530	980
Proceeds from long-term debt	155	40,271
Repayment of long-term debt	(16,514)	(16,553)
Issuance of shares in subsidiary to non-controlling interests	–	18,500
Payments on obligations under capital leases	(2,408)	(2,366)
Repurchase of capital stock	–	(108)
Proceeds from exercise of stock options	140	377
	(18,097)	41,101
Foreign exchange on cash held in foreign currency	(62)	5
(Decrease) increase in cash and cash equivalents	(4,717)	2,105
Cash and cash equivalents – Beginning of year	5,073	2,968
Cash and cash equivalents – End of year	$ 356	$ 5,073
Supplementary information		
Interest paid	$ 1,891	$ 1,727
Income taxes paid	$ 12,713	$ 3,883

The accompanying notes are an integral part of these consolidated financial statements.

December 31, 2003 and 2002 (in thousands of dollars)

1. Summary of significant accounting policies

Consolidation

These consolidated financial statements include the accounts of Brampton Brick Limited and its operating subsidiaries, Oaks Concrete Products Ltd. (63% owned), Oaks Concrete Products Inc. (63% owned), Da Vinci Stone Craft Ltd. (75% owned by Oaks Concrete Products Ltd.), Roxy Construction Co. Limited (80% owned), Medical Waste Management Inc. (65% owned), and 1329171 Ontario Limited (wholly owned). The Company's interest in Sharpsmart Canada Limited (a 50-50 joint venture of Medical Waste Management Inc.) is accounted for using the proportionate consolidation method. All significant intercompany transactions and balances have been eliminated.

These consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles.

Revenue recognition

For clay brick and concrete product sales, revenue is recognized when goods are shipped to customers. Medical waste revenue is recognized upon performance of services to customers.

Cash and cash equivalents

Cash and cash equivalents are defined as cash and short-term deposits with original maturities of three months or less.

Investments

The investment in Richvale York Block Inc. is accounted for by the equity method.

The investment in Futureway Communications Inc. is accounted for by the cost method.

Inventories

Inventories are recorded at the lower of cost, determined on a first-in, first-out basis, and replacement cost for raw materials and net realizable value for work-in-process and finished goods.

Amortization

Amortization is provided on a straight-line basis at rates designed to write off the property, plant and equipment over their estimated useful lives, as follows:

Buildings	2.5% to 10%
Production and office equipment	5% to 33%
Mobile equipment	10% to 25%

Quarries are depreciated on the unit of production method based on shale extraction and estimated remaining shale reserves.

Goodwill

Goodwill represents the excess of the purchase price over the estimated fair value of the assets acquired of the Company's subsidiaries. Goodwill is not amortized but is reviewed for impairment annually, or more frequently if impairment indicators arise, based on an assessment of the fair value of the related business unit. A goodwill impairment loss will be recognized in net earnings if the fair value of the goodwill is less than its carrying amount.

Income taxes

Future income taxes are provided on an asset and liability method whereby future income tax assets are recognized for deductible temporary differences and operating loss or tax credit carry-forwards, and future income tax liabilities are recognized for taxable temporary differences. Temporary differences are the differences between the amounts of assets and liabilities recorded for income tax and financial reporting purposes. The income tax expense or benefit is the income tax payable or refundable for the year plus or minus the change in future income tax assets and liabilities during the year.

Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate in effect at the balance sheets dates. Non-monetary assets and liabilities and revenue and expenses arising from foreign currency transactions are translated at the exchange rate in effect at the date of the transaction. Exchange gains or losses arising from the translation are included in operations.

Self-sustaining subsidiaries are accounted for under the current rate method. Under this method, assets and liabilities of subsidiaries are translated into Canadian dollars at the exchange rate in effect at the balance sheets dates. Revenues and expenses are translated at average exchange rates prevailing during the period. Resulting unrealized gains or losses are accumulated and reported as "Cumulative Translation Adjustment" in shareholders' equity.

Financial instruments and risk management

a) Fair value of financial instruments

The Company's financial instruments recorded in the consolidated balance sheets include cash and cash equivalents, accounts receivable, bank operating advances, accounts payable and accrued liabilities, and long-term debt. The book value of the Company's financial instruments is considered to be representative of fair value because of the short-term maturity of these financial instruments, or in the case of long-term debt, the rate of interest applicable to the corresponding item.

b) Credit risk

The Company grants credit to its customers in the normal course of business. Credit valuations are performed on a regular basis and the financial statements take into account an allowance for bad debts. One customer represents approximately 10% of the Company's trade accounts receivable at year-end.

December 31, 2003 and 2002 (in thousands of dollars)

c) Interest rate risk

Derivative financial instruments are occasionally utilized to reduce interest rate risk on the Company's debt. The Company does not enter into financial instruments for trading or speculative purposes. Interest rate swap agreements are used as part of the Company's program to manage the fixed and floating interest rate mix of the Company's total debt portfolio and related overall cost of borrowing. The interest rate swap agreements involve the periodic exchange of payments without the exchange of the notional principal amount upon which the payments are based, and are recorded as an adjustment of interest expense on the hedged debt instrument. The related amount payable to or receivable from counterparties is included as an adjustment to accrued interest.

d) Energy contracts

The Company has entered into a fixed price supply contract for natural gas requirements for clay brick operations through 2004. The estimated fair value of the gas contract is an unrealized gain of $487 at December 31, 2003. The Company has entered into a swap contract to fix the price of approximately 90% of the Company's electricity requirements for the clay brick operations to September 2004. The estimated fair value of the electricity swap contract is an unrealized gain of $29 at December 31, 2003. Settlements on the electricity swap contract are made monthly and taken into income. The fair value of these energy contracts is not recognized on the balance sheets in accordance with Canadian generally accepted accounting principles.

Diluted earnings per share

The Company uses the treasury stock method for purposes of calculating the dilutive effect of outstanding stock options.

Under the treasury stock method, the number of shares outstanding is increased by the number of additional shares that would be issued upon the exercise of "in-the-money" stock options and is reduced by the number of shares that could be repurchased, at the average market price, with the cash proceeds therefrom.

Stock-based compensation and other stock-based payments

As of January 1, 2002, the Company adopted the recommendations of the CICA Handbook Section 3870 relating to the accounting for stock-based compensation and other stock-based payments. The recommendations require the use of a fair value based approach of accounting for stock-based payments to non-employees. Except for stock-based compensation that meets specific criteria, the recommendations allow, but do not require, the use of the fair value method when accounting for stock-based awards to employees. In accordance with the transitional provisions of CICA Handbook Section 3870, the new recommendations apply to stock options granted after January 1, 2002. Consequently, the Company has chosen to record compensation expense for the stock options granted since January 1, 2002. Compensation expense is measured at the fair value at the grant date using the Black-Scholes valuation model and is recognized over the vesting period of the options granted.

Use of estimates

The preparation of consolidated financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of the contingent assets and liabilities at the date of the consolidated financial statements and revenue and expenses for the period reported. Actual results could differ from those estimates.

2. Business acquisition

Da Vinci Stone Craft

On September 12, 2003, Oaks Concrete Products Ltd. acquired the assets of a fireplace surrounds and wall tiles manufacturing business carried on in the province of Ontario. The assets were acquired for cash of $325. The new business is now operated under a newly incorporated subsidiary, Da Vinci Stone Craft Ltd., which is 75% owned by Oaks Concrete Products Ltd. and 25% owned by non-controlling interests. The acquisition has been accounted for by the purchase method. The financial statements include the results of Da Vinci Stone Craft from the date of acquisition.

Oaks Concrete Products

On May 13, 2002, the Company acquired the assets of a concrete paving stone and retaining wall business carried on in the Province of Ontario and the State of Michigan. The assets acquired include three manufacturing plants, accounts receivable, inventories and goodwill. The new business is now operated under the name Oaks Concrete Products.

The acquisition was completed through newly incorporated subsidiaries, which are 63% owned by the Company and 37% owned by non-controlling interests. Financing for the acquisition was provided as follows:

	$
Term bank loans	38,500
Equity investment by non-controlling interests	18,500
Bank operating advances	7,190
Cash	2,800
Due to vendor	1,132
Other current liabilities	367
	68,489

December 31, 2003 and 2002 (in thousands of dollars)

The acquisition has been accounted for by the purchase method and, accordingly, the financial statements include the results of operations of Oaks Concrete Products from the date of acquisition.

The assets acquired and the consideration given are summarized below:

Assets acquired	**$**
Accounts receivable	1,649
Inventories	6,330
Property, plant and equipment	30,457
Goodwill	30,053
	68,489
Consideration given	**$**
Cash	66,990
Due to vendor	1,132
Other current liabilities	367
	68,489

The purchase price has been allocated to the fair value of the assets acquired based on management's best estimate of fair values. The goodwill amount that is expected to be deductible for income tax purposes is $26,457.

3. Property, plant and equipment

			2003	2002
		Accumulated		
	Cost	**amortization**	**Net**	Net
	$	**$**	**$**	$
Land, land improvements and quarries	**21,972**	**6,538**	**15,434**	14,893
Buildings	**21,901**	**3,348**	**18,553**	19,516
Machinery and equipment	**107,407**	**38,315**	**69,092**	70,396
Equipment under capital lease	**9,582**	**3,312**	**6,270**	4,021
	160,862	**51,513**	**109,349**	108,826

During the period, property, plant and equipment were acquired at an aggregate cost of $13,109 (2002 – $43,756) of which $2,643 (2002 – $2,705) was acquired by means of capital leases.

4. Investment in Richvale York Block Inc.

The Company holds a 38.2% equity investment in Richvale York Block Inc., a concrete block manufacturer. The controlling 61.8% interest is held by Lafarge Canada Inc. The investment is accounted for on the equity basis, as follows:

	2003	2002
	$	$
Investment at January 1	**8,027**	7,477
Share of income for the year	**251**	550
Investment at December 31	**8,278**	8,027

Additional information with respect to the operations and financial position of Richvale York Block Inc. is as follows:

	2003	2002
	$	$
Net income for the year	**656**	1,429
Cash flow from operations	**918**	2,053
Working capital	**7,323**	7,709
Total assets	**27,370**	24,725
Shareholders' equity	**21,569**	20,877

December 31, 2003 and 2002 (in thousands of dollars)

5. Investment in Futureway Communications Inc.

The Company holds 517,660 common shares of Futureway Communications Inc. (Futureway) representing a 1.5% interest. Futureway is a Canadian based carrier that provides digital telephone, high-speed internet and digital television to business and residential customers. Since the investment was made in September 2000, Futureway has incurred significant losses as it established and expanded operations but has plans and financing in place to achieve profitability. Based on future prospects, management does not believe there is any basis to estimate any potential impairment in the value of this investment. The Company plans to hold the shares until full value can be realized.

6. Bank operating advances

Pursuant to bank credit agreements, bank operating advances and term loans are secured by general security agreements covering the assets of the Company and its subsidiaries, other than real property and the shares of Richvale York Block Inc., and hypothecation of $60,000 in fixed charge debentures constituting first fixed charges on substantially all of the Company's properties.

7. Long-term debt

Long-term debt consists of the following:

	2003	2002
	$	$
Term bank loan due January 2005	**12,000**	12,000
Term bank loan due April 2005	**2,600**	2,600
Term bank loans due March 2004 to September 2005	**–**	16,349
Trade payable – non-interest bearing	**591**	591
Obligations under capital leases	**4,618**	4,388
	19,809	35,928
Less: Payments due within one year – current portion	**2,163**	1,975
	17,646	33,953

Term bank loans bear interest at variable rates which, at the Company's option, may be priced off Canadian bank prime or bankers' acceptance (BA) rates plus a credit spread. The credit spread is dependent upon certain financial ratios.

At December 31, 2003, the $12,000 term bank loan due January 2005 bears interest at Canadian bank prime plus 0.75% and the $2,600 term bank loan due April 2005 bears interest at BA plus 1.50%. The average interest rates on borrowings under the $12,000 term bank loan and the $2,600 term bank loan were approximately 4.79% and 4.67%, respectively.

The Company has a floating-to-fixed interest rate swap contract maturing July 23, 2005 with a notional principal amount of $10,000. At December 31, 2003, there were no borrowings against this contract. Consequently, the Company recorded a $206 unrealized loss against earnings. This amount is netted against other income.

Long-term debt is secured as indicated in note 6, and the Company is subject to certain financial covenants with respect thereto.

Obligations under capital leases for equipment include the following:

	$
Future minimum lease payments	
2004	2,235
2005	1,667
2006	851
2007	179
Total minimum lease payments	4,932
Less: Amount representing interest	314
Present value of minimum lease payments including $2,033 classified as current	4,618

The weighted average effective interest rate for obligations under capital leases for equipment was approximately 5.12%.

December 31, 2003 and 2002 (in thousands of dollars)

8. Capital stock

The authorized capital of the Company consists of an unlimited number of Preference shares, Class A subordinate voting shares and Class B multiple voting shares. The Class B shares are convertible to Class A shares on a share-for-share basis at any time. Class A shares may be converted to Class B shares in certain circumstances in connection with a takeover bid. Class A shareholders are entitled to one vote per share and Class B shareholders are entitled to ten votes per share at any meeting of shareholders.

Changes in capital stock during the year were as follows:

	Number of shares	Stated capital
	(thousands)	$
Class A shares		
December 31, 2002	**8,124**	32,971
Options exercised	**28**	140
Class B shares converted to Class A shares	**146**	–
December 31, 2003	**8,298**	33,111
Class B shares		
December 31, 2002	**2,695**	2
Class B shares converted to Class A shares	**(146)**	–
December 31, 2003	**2,549**	2

During 2003, 146,000 Class B shares were converted to 146,000 Class A shares (2002 – 220,000 Class B shares converted).

Under the Brampton Brick Limited Stock Option Incentive Plan (the Plan), the Company may grant stock options to the directors, officers and full-time employees of the Company and its subsidiaries up to an aggregate of 464,675 Class A subordinate voting shares. The exercise price of each stock option is equal to the market price of the Company's Class A subordinate voting shares on the date of the grant, and the maximum term of each option is 10 years. To December 31, 2003, a total of 294,000 stock options have been granted under the Plan.

On August 9, 2002, the Company granted stock options to the eight non-management members of the Board of Directors to acquire an aggregate of 20,000 Class A subordinate shares at the market price of $13.75 per share vesting over a period of five years. The fair value of each stock option granted was estimated as of the date of grant to be $7.93 using the Black-Scholes option pricing model with the following assumptions:

i)	Risk-free interest rate	4.58%
ii)	Expected life	7.2 years
iii)	Volatility	50.0%
iv)	Dividend yield	Nil

The total compensation cost charged against income for the year ended December 31, 2003 was $32 (2002 – $45). An offsetting credit in the same amount has been reflected in contributed surplus.

Information with respect to stock option transactions in each of the past two years and stock options outstanding at the end of the year is as follows:

		2003		2002
		Weighted		Weighted
		average		average
	Number	**exercise price**	Number	exercise price
		$		$
Outstanding at the beginning of the year	**234,100**	**5.96**	364,200	4.11
Granted during the year	**–**	**–**	20,000	13.75
Exercised during the year	**(27,600)**	**5.08**	(150,100)	2.51
Forfeited options during the year	**–**	**–**	–	–
Expired options during the year	**–**	**–**	–	–
Outstanding at the end of the year	**206,500**	**6.08**	234,100	5.96

December 31, 2003 and 2002 (in thousands of dollars)

At December 31, 2003, outstanding stock options were as follows:

Number of shares	Option price $	Expiry
9,000	2.55	2006
43,000	4.10	2008
127,000	5.75	2008
7,500	6.75	2011
20,000	13.75	2012
206,500		

A total of 191,500 options were fully vested and exercisable by the holders thereof at a weighted average exercise price of $5.59.

9. Earnings per share

Basic earnings per share are calculated using the weighted average number of shares outstanding during the period. As referred to in note 1, diluted earnings per share are calculated to reflect the dilutive effect of the exercise of the outstanding stock options as disclosed in note 8.

The weighted average number of Class A and Class B shares outstanding utilized in the calculations of earnings per share is as follows:

			2003			2002
	Net		**Per share**	Net		Per share
	income	**Shares**	**amount**	income	Shares	amount
	$	**(thousands)**	**$**	$	(thousands)	$
Basic earnings per share	**18,004**	**10,833**	**1.66**	20,799	10,761	1.93
Dilutive effect of options		**108**	**0.01**		126	0.02
Diluted earnings per share		**10,941**	**1.65**		10,887	1.91

10. Income taxes

The effective rate of income tax recorded in the consolidated statements of income and retained earnings differs from the normal combined rate of federal and provincial income tax, as follows:

	2003	2002
	%	%
Combined basic federal and Ontario tax rate	**41.6**	41.6
Decrease in rate resulting from		
Manufacturing and processing profits deduction	**(7.4)**	(5.6)
Difference in future income tax rates	**4.4**	(1.3)
Capital gain rate differential	**(0.5)**	(1.7)
Reversal of valuation allowance	**(1.8)**	–
Other non-taxable and non-deductible items	**(3.4)**	(1.8)
Effective rate of tax	**32.9**	31.2

December 31, 2003 and 2002 (in thousands of dollars)

Future income taxes are applicable to the following temporary differences:

	2003	2002
	$	$
Depreciable property, plant and equipment	**(11,029)**	(8,316)
Investment in Richvale York Block Inc.	**326**	326
Deferred gain	**–**	145
Losses and investment tax credits available for carry-forward	**1,200**	798
Other	**(883)**	(331)
	(10,386)	(7,378)
Less:		
Valuation allowance due to the investment in Richvale York Block Inc.	**326**	326
Valuation allowance with respect to losses and investment tax credits available for carry-forward	**502**	798
	(11,214)	(8,502)
Current future tax asset	**–**	145
Future tax liability	**(11,214)**	(8,647)

11. Pension plan expense

The Company has a defined contribution pension plan covering all participating employees. All employees of the Company are required to participate in the plan after six months of continuous service. Participating employees' contributions to the plan are matched by the Company. The Company's pension plan expense totalled $430 (2002 – $326).

12. Operating segment disclosures

For purposes of operating decision making and assessing performance, management considers that it operates within three dominant business segments: clay brick, concrete products and medical waste. A brief description of each business segment is as follows:

Clay brick

Manufacture of clay brick for use in residential construction and institutional, commercial and industrial building projects. This segment includes transporting raw materials and finished products and trucking services to third parties.

Concrete products

Manufacture of concrete paving stones, retaining walls, fireplace surrounds, wall tiles and sales of accessory products for residential use and for institutional, commercial and industrial building projects.

Medical waste

Environmentally safe destruction of biomedical and pharmaceutical waste.

Accounting policies for the operating segments are the same as those described in note 1. There are no significant inter-segment revenues.

Segmented information, with comparative information for 2002, is as follows:

	Year ended December 31, 2003				
	Clay brick	**Concrete products**	**Medical waste**	**Other**	**Total**
	$	$	$	$	$
Net sales to external customers	**71,855**	**24,958**	**5,866**	**–**	**102,679**
Interest expense	**781**	**784**	**211**	**–**	**1,776**
Amortization of property, plant and equipment	**5,944**	**3,373**	**749**	**–**	**10,066**
Income tax expense	**8,520**	**370**	**–**	**–**	**8,890**
Net income after non-controlling interest	**16,975**	**16**	**204**	**–**	**17,195**
Equity income					**251**
Gain on sale of land – net of tax					**558**
Consolidated net income					**18,004**

December 31, 2003 and 2002 (in thousands of dollars)

	Year ended December 31, 2002				
	Clay brick	Concrete products	Medical waste	Other	Total
	$	$	$	$	$
Net sales to external customers	67,943	20,702	4,873	–	93,518
Interest expense	1,163	418	198	–	1,779
Amortization of property, plant and equipment	5,544	1,898	629	–	8,071
Income tax expense	8,235	1,726	–	(145)	9,816
Net income (loss) after non-controlling interest	17,298	1,684	(306)	–	18,676
Equity income					550
Gain on sale of land – net of tax					1,573
Consolidated net income					20,799

	Year ended December 31, 2003				
	Clay brick	Concrete products	Medical waste	Other	Total
	$	$	$	$	$
Additions to property, plant and equipment	**8,677**	**4,197**	**235**	**–**	**13,109**
Goodwill	**–**	**27,663**	**–**	**–**	**27,663**
Total assets	**89,084**	**67,551**	**6,582**	**–**	**163,217**
Investment in Richvale York Block Inc.					**8,278**
Investment in Futureway Communications Inc.					**2,000**
Property held for sale					**1,600**
Consolidated total assets					**175,095**

	Year ended December 31, 2002				
	Clay brick	Concrete products	Medical waste	Other	Total
	$	$	$	$	$
Additions to property, plant and equipment	8,640	31,744	1,732	1,640	43,756
Goodwill	–	30,229	–	–	30,229
Total assets	90,961	69,695	7,528	145	168,329
Investment in Richvale York Block Inc.					8,027
Investment in Futureway Communications Inc.					2,000
Property held for sale					1,600
Consolidated total assets					179,956

Geographical information is as follows:

	2003		2002	
	Net sales	Property, plant and equipment and goodwill	Net sales	Property, plant and equipment and goodwill
	$	$	$	$
Canada	**84,709**	**117,418**	76,596	115,870
U.S.	**17,970**	**19,594**	16,922	23,185
	102,679	**137,012**	93,518	139,055

December 31, 2003 and 2002 (in thousands of dollars)

13. Joint venture in Sharpsmart Canada Limited

The Company's share of the assets, liabilities, revenues and expenses and cash flows for its joint venture for the year ended December 31, 2003, with comparative information for 2002, is as follows:

	2003	2002
	$	$
Assets	**1,436**	1,490
Liabilities	**1,120**	1,190
Revenues	**600**	387
Expenses	**498**	551
Cash flow generated from (used in)		
Operating activities	**205**	(81)
Financing activities	**(39)**	458
Investing activities	**(115)**	(823)
	51	(446)

There are no known contingencies and commitments of the joint venture, and the Company is not responsible for any contingencies pertaining to the other venturer of Sharpsmart Canada Limited.

14. Gain on sale of land

In 2002, the Company sold a parcel of land to a third party for proceeds of $5,100, which resulted in a gain of $2,669. Of this total gain, $1,950 was recognized in 2002 with the remaining $719 recognized in 2003 as the servicing of the property was completed. Proceeds receivable of $87 (2002 – $1,298) are included in other assets.

15. Commitments

Future minimum lease payments due under building and storage yard operating leases are as follows:

	$
2004	575
2005	578
2006	410
2007	365
2008	174
Thereafter	305
	2,407

16. Related party transactions

The Company has determined which of its customers are related to the Company via common directors or shareholders. Sales to these customers are made under competitive terms and conditions. These customers accounted for 9.7% of net sales in the aggregate for the year ended December 31, 2003 (2002 – 8.5%).

A director of the Company is a senior partner in the law firm which acts as general counsel to the Company. Fees for services rendered in 2003 amounted to $128 (2002 – $298).

In 2002, the Company engaged a second law firm in which a director of the Company is a senior partner and a company under the effective control of a director and officer of the Company for services pertaining to the surplus property which was sold during 2002. The total cost of these services measured at the amount of consideration established and agreed to by the related parties was $258.

The Company holds a 38.2% interest in Richvale York Block Inc. and incurred the following transactions during the year:

	2003	2002
	$	$
Haulage services provided	**521**	507
Purchases	**16**	–

The above transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Accounts receivable include $42 (2002 – $33) due from Richvale York Block Inc.

17. Comparative figures

Certain of the prior year's balances have been reclassified to conform with the current year's financial statement presentation.

Auditors' Report

To the Shareholders of Brampton Brick Limited

We have audited the consolidated balance sheets of **Brampton Brick Limited** as at December 31, 2003 and 2002 and the consolidated statements of income and retained earnings and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2003 and 2002 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

Chartered Accountants
Mississauga, Ontario
February 6, 2004

Five Year Financial Review (in thousands of dollars, except per share amounts)

Operations	2003	2002	2001	2000	1999
Net sales	**$102,679**	$ 93,518	$ 59,815	$ 47,828	$ 43,891
Net income	**18,004**	20,799	12,868	11,273	9,862
Amortization	**10,066**	8,071	5,600	4,746	4,266
Cash provided by operations	**21,654**	35,453	17,631	17,009	14,824
Purchase of property, plant and equipment	**9,766**	10,203	13,215	29,664	4,465
Financial Position					
Current assets	**$ 26,055**	$ 29,124	$ 14,852	$ 12,039	$ 19,627
Working capital (deficit)	**9,521**	7,588	4,325	(2,485)	10,790
Property, plant and equipment (net)	**109,349**	108,826	76,633	71,786	39,622
Total assets	**175,095**	179,956	102,562	94,819	69,222
Long-term debt	**17,646**	33,953	10,362	12,019	2,413
Shareholders' equity	**111,544**	96,283	74,839	62,876	53,680
Financial Ratios					
Current ratio	**1.58:1**	1.35:1	1.41:1	0.83:1	2.22:1
Total liabilities (excluding non-controlling interests) to shareholders' equity	**0.41:1**	0.67:1	0.37:1	0.51:1	0.29:1
Return on average shareholders' equity (%)	**17.3**	24.3	18.7	19.3	20.2
Share Data					
Net income per share	**$ 1.66**	$ 1.93	$ 1.20	$ 1.03	$ 0.88
Book value per share	**10.28**	8.90	7.01	5.84	4.84
Average number of shares outstanding (000s)	**10,833**	10,761	10,737	10,943	11,155

Corporate Directory

Directors

Rudolph P. Bratty, Q.C.*†

Jim V. De Gasperis

Lloyd S.D. Fogler, Q.C.*†

Jean Fournier*

Howard C. Kerbel

Jeffrey G. Kerbel

Barry Kornhaber

John M. Piecuch*†

Peter R. Smith

* Member of Audit Committee
† Member of Compensation Committee

Senior Officers

Jeffrey G. Kerbel
President and Chief Executive Officer

Barry Kornhaber
Secretary-Treasurer

Kenneth J. Mondor
Vice-President, Finance and Chief Financial Officer

J. Brad Duke
Vice-President, Manufacturing

Judy H. Pryma
Vice-President, Sales and Marketing

Michael O. Burns
President, Roxy Construction Co. Limited

Daniel R. Kennedy
President, Medical Waste Management Inc.

Richard M. Stinchcombe
President, Oaks Concrete Products Ltd.

Corporate Office

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Investor Relations

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Stock Listing

Toronto Stock Exchange

Share Symbol

"BBL.A"

Registrar and Transfer Agent

CIBC Mellon Trust Company,
Halifax, Montreal, Toronto, Winnipeg, Calgary and Vancouver

Shareholder Enquiries of CIBC Mellon Trust Company

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General Counsel

Fogler, Rubinoff LLP

Auditors

PricewaterhouseCoopers LLP

Operations

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Roxy Construction Co. Limited
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Medical Waste Management Inc.
95 Deerhurst Drive, Brampton, Ontario

Oaks Concrete Products Ltd.
475 Harrop Drive, Milton, Ontario
455 Rodick Road, Markham, Ontario

Oaks Concrete Products Inc.
51744 Pontiac Trail, Wixom, Michigan

Da Vinci Stone Craft Ltd.
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On peut se procurer des copies du rapport annuel en français en s'adressant au Vice-président, Finances, Brique Brampton Limitée, 225, Wanless Drive, Brampton (Ontario) L7A 1E9

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